

MARINE LOG MARITIME LEGISLATION, REGULATION, AND POLICY

CONFERENCE

WASHINGTON, D.C.

“PROMOTING QUALITY THROUGH RECOGNITION”

RADM R. C. North

SEPTEMBER 20, 2000

GOOD MORNING LADIES AND GENTLEMEN, IT IS A PLEASURE
FOR ME TO BE HERE AT THE MARINE LOG MARITIME
LEGISLATION, REGULATION, AND POLICY CONFERENCE
AS THE SECOND DAY KEYNOTE SPEAKER. THIS MORNING
I WILL DESCRIBE FUTURE MODIFICATIONS TO OUR PORT
STATE CONTROL PROGRAM TO REWARD QUALITY SHIPS
AFTER I PROVIDE YOU SOME THOUGHTS ABOUT
TRANSPARENCY AND REVIEW THE STATUS OF OUR PSC
EFFORTS.

SINCE BEGINNING OUR PSC FOCUS ABOUT 5 YEARS AGO, WE HAVE CONCENTRATED ON IDENTIFYING AND TARGETING SUBSTANDARD VESSELS; HOWEVER, I FEEL THAT IT IS SURELY NOW TIME TO PLACE EMPHASIS UPON IDENTIFYING AND REWARDING QUALITY SHIPS. I'M NOT SUGGESTING THAT WE IGNORE THE SUBSTANDARD; BUT, WE MUST ALL COME TO REALIZE THAT FURTHER GAINS IN IMPROVING THE QUALITY OF SHIPPING MAY BE MADE BY RECOGNIZING AND REWARDING QUALITY.

TRANSPARENCY IS AN ESSENTIAL INGREDIENT IN EFFECTIVE PORT STATE CONTROL. OUR EFFECTIVENESS DEPENDS UPON ACCURATE RISK ASSESSMENT OF RISK AND QUALITY AND TRANSPARENCY ENABLES THE PORT STATE TO DETERMINE INHERENT RISK MORE READILY. THE TRUE RISK, AS WELL AS THE QUALITY, OF AN ARRIVING VESSEL CAN ONLY BE PROPERLY DETERMINED THROUGH TRANSPARENCY.

TRANSPARENCY IS A MULTI-FACETED CONCEPT, INCLUDING THE SHARING OF PORT STATE CONTROL EXAMINATION DATA BETWEEN PARTIES, AND THE EXPOSURE OF THOSE THAT ARE FOSTERING THE SUBSTANDARD VESSEL CULTURE, INCLUDING VESSEL OWNERS, OPERATORS, INSURERS, AND CHARTERERS. TRANSPARENCY SHOULD PERMIT ALL TIERS OF THE SHIPPING PYRAMID TO BE HELD ACCOUNTABLE WHEN VESSELS ARE FOUND TO BE SUBSTANDARD.

TRANSPARENCY ALLOWS US TO IDENTIFY “QUALITY” VESSELS, OWNERS, OPERATORS, AND CHARTERERS, AS WELL AS THOSE AT POTENTIALLY HIGH RISK. THAT IDENTIFICATION WILL ALLOW US TO REWARD THE QUALITY SEGMENT OF THE INDUSTRY, WHILE FOCUSING MORE OF OUR RESOURCES ON HIGH RISK OR SUBSTANDARD VESSELS.

IN AN EFFORT TO FURTHER IMPROVE PORT STATE CONTROL INFORMATION ABOUT FLAGS, CLASS AND OWNERS, - TRANSPARENCY-THE COAST GUARD IS PARTICIPATING IN THE EUROPEAN QUALITY SHIPPING INFORMATION SYSTEM (EQUASIS) EFFORT.

EQUASIS IS A JOINT VENTURE BETWEEN THE EUROPEAN UNION, FRANCE, THE PARIS MOU, AND THE TOKYO MOU TO PROVIDE A SINGLE SOURCE OF INFORMATION ON THE QUALITY OF COMMERCIAL SHIPPING. THIS INFORMATION WILL LIKELY PROVE TO BE EXTREMELY VALUABLE FOR ALL PARTIES.

WE ARE ALSO CONTINUING TO IMPROVE COOPERATION AND HARMONIZATION WITH OTHER PSC AUTHORITIES SUCH AS WITH OUR RECENT EFFORTS WITH THE CARIBBEAN MOU AND TRANSPORT CANADA. INFORMATION ON VESSELS NOT IN COMPLIANCE WITH THE ISM CODE IS ALREADY BEING EXCHANGED WITH REGIONAL MOU'S AND EFFORTS ARE CONTINUING TO INCREASE THE AMOUNT OF INFORMATION THAT IS EXCHANGED.

FINALLY, ON THE ISSUE OF TRANSPARENCY, THROUGH THE IMO'S FLAG STATE IMPLEMENTATION (FSI) SUBCOMMITTEE MEETINGS, THE U.S. IS PARTICIPATING IN AN INTER-SESSIONAL CORRESPONDENCE GROUP. THE OVERALL PURPOSE OF THE GROUP IS TO SEEK WAYS IN WHICH FLAG STATES CAN IMPROVE VARIOUS ASPECTS OF QUALITY, INCLUDING TRANSPARENCY. SOME AREAS UNDER CONSIDERATION INCLUDE: CONSOLIDATING THE REPORTING OF DETENTIONS BY THE MOU'S, ADOPTING COMMON CODING SYSTEMS FOR DEFICIENCIES, AND DETENTION DATA ANALYSIS.

I WOULD NOW LIKE TO PROVIDE SOME OBSERVATIONS ON THE GLOBAL EFFECTIVENESS OF THE PORT STATE CONTROL PROGRAM. DETENTION DATA COLLECTED OVER THE PAST FEW YEARS HAS RESULTED IN SOME INTERESTING FINDINGS.

IN 1999, THE U.S. CONDUCTED A TOTAL OF 11,540 PSC EXAMINATIONS AND 20% OF THESE EXAMINATIONS WERE CONDUCTED ON OIL TANKERS. HOWEVER, TANKSHIPS ONLY ACCOUNTED FOR 7% OF THE DETENTIONS IN 1999, AND WERE DETERMINED TO HAVE THE OVERALL BEST PORT STATE CONTROL RECORD. PRINCIPLE CAUSES FOR DETENTIONS WERE FAILED FIRE AND ABANDON SHIP DRILLS AND LIFESAVING AND FIREFIGHTING EQUIPMENT DEFICIENCIES.

THE OTHER GOOD NEWS IS THAT THE COMPREHENSIVE NUMBER OF DETENTIONS IS DECREASING. OUR EFFORTS IN PORT STATE CONTROL HAVE SHOWN SHORT TERM SUCCESSES WHICH WE HOPE WILL BECOME LONG TERM TRENDS.

IN 1998, WE HAD 373 DETENTIONS, REPRESENTING A 32% DECLINE IN OVERALL DETENTIONS FROM 1997 FIGURES AND THE FIRST TIME SINCE 1994 THAT THE VALUE WAS BELOW 400. RECENT NUMBERS INDICATE THAT THIS DOWNWARD TREND IS CONTINUING. THE NUMBER OF DETENTIONS FOR 1999 IS DOWN 31% FROM THE NUMBER OF DETENTIONS FOR 1998, AND THERE WERE 257 DETENTIONS FOR 1999 AS COMPARED TO 373 FOR 1998.

IN 1996, 37% OF ALL DETENTIONS WERE RELATED TO CLASS SOCIETY PERFORMANCE. THAT NUMBER HAS DECREASED TO 19% IN 1997, THEN 14% IN 1998 AND THEN SETTLED AT 15% IN 1999. THIS DOWNWARD TREND IS PROMISING.

NOT ONLY ARE WE EXPERIENCING THIS DOWNWARD TREND, BUT THIS HAS ALSO BEEN OBSERVED IN THE PARIS MOU REGION AS WELL. ACCORDING TO THE PARIS MOU ON PSC 1999 ANNUAL REPORT, THE PERCENTAGE OF SHIPS DETAINED HAS DECREASED FROM 11.21% IN 1995 TO 9.15% IN 1999. IN 1999, THE ACTUAL NUMBER OF SHIPS DETAINED DID INCREASE SLIGHTLY FROM 1998; HOWEVER, THIS COULD POSSIBLY BE ATTRIBUTED TO THE MORE RIGOROUS TARGETING OF POTENTIALLY SUBSTANDARD VESSELS. THE TOKYO MOU REGION HAS ALSO OBSERVED A SLIGHT DECREASE IN DETENTIONS FROM 7.29% IN 1998 TO 7.18% IN 1999.

EXACTLY WHY THESE NUMBERS ARE DECREASING IS NOT FULLY CLEAR AT THIS POINT. PERHAPS THE REGIONAL PORT STATE CONTROL PROGRAMS THROUGHOUT THE WORLD ARE SUCCEEDING IN ELIMINATING SUBSTANDARD VESSELS AND OPERATORS. ALSO, I BELIEVE THAT THE ISM CODE HAS ALREADY HAD AN INFLUENCE ON THIS DOWNWARD TREND IN THE PREPARATION TO IMPLEMENT THE CODE. MORE TIME AND DATA ANALYSIS WILL REVEAL THE CAUSE OF THIS OBSERVED DECREASE IN DETENTIONS.

HOWEVER, ISM COMPLIANCE WITH PHASE I VESSELS IS FAR FROM COMPLETE. AS OF MAY 15, 2000, THE UNITED STATES HAS DETAINED 37 VESSELS, MOSTLY BULK CARRIERS, FOR ISM RELATED DEFICIENCIES. THE MOST COMMON PROBLEMS FOUND INCLUDED THE FOLLOWING:

- 1) MASTERS AND CHIEF ENGINEERS WERE COMPLETELY UNFAMILIAR WITH THE SAFETY MANAGEMENT SYSTEM (SMS)
- 2) INSUFFICIENT MAINTENANCE HAD BEEN PERFORMED ON VITAL SAFETY EQUIPMENT, AND
- 3) EMERGENCY DRILLS WERE INADEQUATE

THESE DEFICIENCIES WERE NOT THAT DIFFERENT THAN GENERAL PORT STATE CONTROL PROBLEMS, BUT WERE USUALLY TO A MUCH MORE SIGNIFICANT DEGREE, WHICH RESULTED IN QUESTIONING THE VALIDITY OF THE VESSELS' SAFETY MANAGEMENT SYSTEMS.

A FEW OTHER OBSERVATIONS REGARDING ISM COMPLIANCE:

- ALL SO-CALLED PHASE I VESSELS CALLING ON U.S. PORTS SINCE JULY 1998 HAVE CARRIED ISM DOCUMENTS AND SMC'S, ALTHOUGH SOME ARE JUST PLAIN PAPER WITH NOT MUCH BEHIND IT, AS REFLECTED IN THE 37 DETENTIONS
- OUR EFFORTS TO ASSESS THE IMPACT OF ISM IN A QUANTITATIVE WAY SHOW THAT IT IS PROBABLY TOO SOON TO DO THAT; BUT, ANECDOTALLY COMPANIES THAT HAVE HAD A SMS IN PLACE FOR 5 YEARS REPORT INCREMENTAL REDUCTIONS IN CASUALTIES, SPILLS, DOWN TIME, AND ASSOCIATED COSTS
- THOSE SAME COMPANIES NOTED AN INITIAL INCREASE IN CASUALTIES ATTRIBUTED TO MORE SYSTEMATIC REPORTING UNDER ISM FOLLOWED BY A DOWNWARD TREND
- THE OVERALL PSC DETENTION RATE DOWNWARD TRENDS THAT I MENTIONED EARLIER WERE IN THE FACE OF ISM AND STCW IMPLEMENTATION AND WERE MOST PRONOUNCED IN PHASE I VESSEL CLASSES BY MORE THAN 50%.

OUR PORT STATE CONTROL PROGRAM HAS BEEN SUCCESSFUL
THUS FAR, BUT WE PLAN TO MAKE SOME CHANGES TO
OUR PROGRAM TO SHARPEN IT EVEN FURTHER. WE ARE
CONSIDERING TWO ADDITIONAL MEASURES THAT WOULD
BECOME EFFECTIVE JANUARY 1, 2001.

FIRST, WE ARE LOOKING INTO A PROCEDURE TO IDENTIFY AND
REWARD FOREIGN FLAG QUALITY SHIPS AND PROVIDE
THEM WITH INCENTIVES TO BECOME AND REMAIN
“QUALITY” VESSELS. WE WOULD REDUCE COAST GUARD
INSPECTIONS FOR QUALIFYING VESSELS AND WORK WITH
OTHER STAKEHOLDERS TO DEVELOP OTHER INCENTIVES.
IT WILL BE IMPLEMENTED IN JANUARY OF 2001. WHILE
THE EXACT DETAILS HAVE NOT BEEN COMPLETELY
FINALIZED, I WILL SHARE WITH YOU SOME OF THE AREAS
THAT ARE BEING CONSIDERED. WE WELCOME ANY
SUGGESTIONS YOU MIGHT HAVE ON THIS SUBJECT.

WHAT SHIPS WOULD QUALIFY FOR THESE INCENTIVES? HOW
DO YOU DEFINE QUALITY?

WE WILL CONSIDER THE PERFORMANCE – BASICALLY A LACK
OF DETENTIONS FOR THE OWNER, FLAG, AND CLASS. A
GOOD VESSEL PERFORMANCE HISTORY AND DEGREE OF
TRANSPARENCY OF FLAG STATE PERFORMANCE WILL
ALSO BE CONSIDERED.

FOR EXAMPLE, HAS THE VESSEL'S FLAG STATE SUBMITTED ITS SELF-ASSESSMENT FORM TO THE IMO AND MADE IT AVAILABLE FOR REVIEW BY PORT STATE CONTROL AUTHORITIES? WE BELIEVE THAT TRANSPARENCY IS AN IMPORTANT PILLAR OF QUALITY SHIPPING, AND INTEND TO REWARD THOSE FLAG STATES THAT COMPLETE SELF-ASSESSMENTS OPENLY WITH THIS INCENTIVE.

BASED ON PRELIMINARY RESEARCH, APPROXIMATELY 600 FOREIGN FLAG CARGO VESSELS, 250 TANK VESSELS, AND 10 PASSENGER VESSELS WOULD HAVE MET THIS CRITERIA OUT OF THE APPROXIMATELY 8,000 SHIPS WHICH CALLED IN U.S. WATERS LAST YEAR.

THE MOST TANGIBLE BENEFITS TO THE INDUSTRY BY BECOMING ELIGIBLE TO PARTICIPATE IN THIS QUALITY SHIP PROGRAM MIGHT INCLUDE A REDUCTION IN THE FREQUENCY OF PSC EXAMS. AS YOU ARE AWARE, ALL FOREIGN FLAG CARGO VESSELS MUST UNDERGO AN ANNUAL PSC EXAM, IRRESPECTIVE OF THE VESSEL'S PERFORMANCE HISTORY. DESIGNATED QUALITY VESSELS WOULD RECEIVE BIENNIAL EXAMS INSTEAD.

A SIMILAR APPROACH WILL BE TAKEN FOR OIL AND CHEMICAL TANKERS. RATHER THAN THE CURRENT ANNUAL TANKSHIP EXAMS, BIENNIAL EXAMS WILL OCCUR WITH LESS THOROUGH RE-EXAM DONE ON AN ANNUAL BASIS. THIS WILL SAVE INDUSTRY TIME AND EFFORT AND WILL LIKEWISE ALLOW THE COAST GUARD TO FOCUS ITS EFFORTS ON HIGHER RISK VESSELS. WE WILL ALSO RECOGNIZE QUALITY PASSENGER VESSELS BUT WE WILL NOT REDUCE OUR SCRUTINY. WE WILL SEEK OTHER REWARDS.

ANOTHER BENEFIT WILL BE STANDARDIZING U.S. ISSUED CERTIFICATES. CURRENTLY, PASSENGER VESSELS RECEIVE A CONTROL VERIFICATION EXAMINATION (CVE) CERTIFICATE UPON COMPLETION OF THE ANNUAL EXAM WHILE OIL TANKERS RECEIVE A TANK VESSEL EXAMINATION (TVE) LETTER AND GAS & CHEMICAL CARRIERS ARE ISSUED LETTERS OF COMPLIANCE (LOC). A NEW CONSOLIDATED CERTIFICATE OF COMPLIANCE (COC) WOULD REPLACE THESE VARIOUS LETTERS AND WOULD BE ISSUED TO EACH OF THESE VESSELS TO SIMPLIFY THE PAPERWORK PROCESS.

AS OUR SECOND PSC PROGRAM IMPROVEMENT, WE WILL ADD CHARTERERS AS A SIXTH COLUMN IN OUR TARGETING MATRIX. PRESENTLY, WE CONSIDER, A VESSEL'S OWNER, FLAG, CLASS, TYPE, AND INDIVIDUAL RECORD IN PSC TARGETING. WE ARE EXAMINING THE FEASIBILITY OF IDENTIFYING CHARTERERS THAT ARE ASSOCIATED WITH MULTIPLE DETENTIONS AND INTEND TO PUBLISH A LIST OF TARGETED CHARTERERS. THAT WILL THEN BECOME A NEW DIMENSION IN PSC TARGETING AND QUALITY AS WELL AS QUALITY RECOGNITION. ON AUGUST 18, 2000, WE PUBLISHED A FEDERAL REGISTER NOTICE WITH THIRTEEN QUESTIONS THAT HELPS US REFINE THIS PROCESS. COPIES ARE AVAILABLE HERE TODAY FOR YOUR INFORMATION.

CONCLUSION

THE PSC PROGRAM THROUGHOUT THE WORLD REMAINS VERY DYNAMIC AND WE STRIVE TO KEEP OUR PSC PROGRAM IN STEP WITH THESE CHANGES. RECOGNITION OF QUALITY SHIPPING AND A FOCUS ON CHARTERERS ARE JUST TWO EXAMPLES OF OUR EFFORTS TO KEEP OUR PSC PROGRAM FLEXIBLE AND RESPONSIVE TO THE MODERN CLIMATE OF INTERNATIONAL SHIPPING.

SO, IN SUMMARY, WE SEE SIGNIFICANT PROGRESS TOWARD IMPROVED QUALITY OF SHIPPING AS INDICATED BY A REDUCTION IN PSC DETENTIONS, BUT ARE STILL NOT SATISFIED WITH THE NUMBER OF VESSELS WE FIND NON-COMPLIANT WITH INTERNATIONAL CONVENTIONS. ALL LINKS IN THE CHAIN OF RESPONSIBILITY MUST DO MORE TO AID IN FURTHER IMPROVEMENTS.

FROM THE PERSPECTIVE OF A PORT STATE WE SEE NUMEROUS OPPORTUNITIES TO IMPROVE COMPLIANCE AND QUALITY SHIPPING.

- INCREASE TRANSPARENCY FOR ALL INTERESTED PARTIES;
- CREATE INCENTIVES FOR FLAG STATES TO COMPLETE AND SUBMIT SELF ASSESSMENTS TO THE IMO;
- CONTINUE THE STRONG EMPHASIS ON ISM IMPLEMENTATION AND COMPLIANCE AND I WOULD ADD STCW;
- INCREASE ACCOUNTABILITY OF CHARTERERS;
- ESTABLISH INCENTIVES FOR QUALITY SUCH AS LESS PORT STATE EXAMINATIONS FOR VESSELS DEMONSTRATING QUALITY ALONG THE LINES OF PERFORMANCE AND TRANSPARENCY.

I'D BE PLEASED TO TAKE YOUR QUESTIONS. THANK YOU.